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UNCLAS SECTION 01 OF 02 GUATEMALA 000145

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DEPT FOR WHA/CEN

E.O. 12958: N/A

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SUBJECT: PORTILLO SPEECH TURNED FRG CAMPAIGN RALLY

1. (SBU) Summary: The FRG used the occasion of President Portillo's January 14 state of the union speech to bus in to the capital thousands of former self defense committee patrollers (ex-PACs). After delivering his annual review of his government's accomplishments and priorities in Congress, Portillo and FRG leader Rios Montt addressed the crowds, who have been promised compensation for their unpaid service to the nation during the 36-year civil conflict. While the substance of the official speech was nothing new, the pro-FRG rally marked the first major FRG event of election season, and suggested that the FRG is not yet attempting to distance itself from Portillo's record. End Summary.

Cup Half Full Speech to Congress

2. (U) In an hour-long speech to Congress on January 14, the third anniversary of his swearing-in, President Portillo emphasized his government's accomplishments, including the following highlights:

-- New Things: He cited as accomplishments the creation of new government bodies and key legislation to tackle persistent problems, including the Commission for Transparency and Against Corruption, the National Council for Food and Nutrition Security, the Presidential Commission Against Discrimination and Racism, the Secretariat for Agrarian Issues, laws on Agriculture and Fishing, Urban and Rural Development Councils, reforms to the municipal code, and decentralization;

-- Statistics: He also cited the number of free fertilizer bags distributed to campesinos, the 47.6% increase in the minimum wage for agricultural workers in his term (43.6% for non-agricultural workers), financial and monetary reforms, macroeconomic stability, and record tax collection (10.58 percent of the GNP);

-- Military Restructuring: He cited troop reductions, closure of bases, and phased reduction of the EMP;

-- Free Trade: He claimed to have promoted free trade and pledged to vigorously pursue a CAFTA;

-- Media Attack: Portillo also made jabs at the news media, "in the hands of private interests who do not necessarily have national interests at heart;"

-- Corruption: He claimed to have showed openness to combat it despite enduring strong criticism;

-- Failings: He acknowledged failings on completing some Peace Accords commitments, citing "great challenges and enormous obstacles;" and (in apparent self-defense) warned against "criminalization" politics by substituting calls for prosecution in place of debate;

-- Belize: He said the Belize border dispute is "an open wound that we will not reopen further...or close at the cost of legitimate national interests."

-- Elections: He pledged an impartial vote and smooth transition to the next administration.

Speeches in the Square

3. (U) After delivering his speech and distributing the government official report in Congress, Portillo, accompanied by aides and the FRG leadership, addressed a crowd estimated at 20,000 (the largest grouping of supporters during his tenure) gathered in the city square outside the former National Palace. The crowds were reportedly bused in on a fleet of 200 buses, and FRG T-shirts featuring Efraim Rios Montt were distributed. Rosenda Perez, the leader of the ex-PAC association of Peten, was in the front row of spectators.

4. (U) Portillo repeated parts of his official speech to the crowd, promised not to "defraud" the ex-PACs, warned that critics would "invent stories" about the organization of the rally, and lauded Rios Montt as a leader. Haroldo Quej Chen,

who, as FRG Secretary of Organization and ex-PAC himself, was the likely orchestrator of the rally, introduced Rios Montt as "a leader any politician fears, a leader any animal fears, the greatest leader Guatemala has..." (Note: It was Quej Chen who cited to the press the high estimate of 30,000 attendees. End Note.). FRG Congressional bench leader Aristides Crespo told the crowd that "they attack us, they defame us, they criticize corruption, and we have never denied that we have problems, but one must not forget that its was the previous government who sold the electric utility and telephone company and as a result everyone pays more for electricity and the telephone."

15. (U) For his part, Rios Montt told the crowd that "as FRG Secretary General, I declare that this event is not sponsored

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by the government or promoting any particular candidate. It is a recognition of the accomplishments up until now of this central government and the municipal governments."

Reaction

16. (U) Reaction to Portillo's official speech and the rally were predictable, with media highlighting opposition and civil society criticizing Portillo's official speech for avoiding of key issues (i.e. difficult bilateral relations with the U.S., corruption and insecurity), and decrying the misuse of official funds and personnel in the staging of a highly partisan rally.

Comment

17. (SBU) The President's speech was a stock defense of his government's (in some cases) legitimate accomplishments and was most notable for what it left out: any mention of us (with the exception of the positive reference to CAFTA). We interpret this as a signal of Portillo's interest in minimizing attention to tensions in the bilateral relationship. More interesting than Portillo's official speech was the FRG's demonstration of its capacity to turn out a (paid) crowd, and its confirmation of ex-PAC support at its base. While the official campaign period will not begin until May, we can expect more FRG campaign rallies thinly-veiled as "pro-government" rallies in the future. During this interregnum before the official campaign, the FRG is faced with a dilemma. While explicit in its support for Rios Montt as FRG leader and presumed presidential candidate, the rally did nothing to distance the party from Portillo and his legacy of corruption.
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